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| Subject: | REVISED TREASURY MANAGEMENT STRATEGY 2016/17 |
| Meeting and Date: | Cabinet – 20 September 2015 Council – 21 September 2015 |
| Report of: | Mike Davis – Director of Finance, Housing and Community |
| Portfolio Holder: | Councillor Mike Connolly, Portfolio Holder for Corporate Resources and Performance |
| Decision Type: | Executive Non-Key Decision |
| Classification: | Unrestricted |

Purpose of the report: To update the 2016/17 Treasury Management Strategy

Recommendation: Cabinet:

It is recommended that Cabinet recommend to Council that the revised 2016/17 Treasury Management Strategy be approved.

Council:

It is recommended that Council approve the revised 2016/17 Treasury Management Strategy.

1. **Summary**

The purpose of this report is to update the 2016/17 Treasury Management Strategy (TMS) with a revised investment strategy to enable prudential borrowing to support the Dover Leisure Centre project to be undertaken and to make some minor changes to the investment duration definitions .

Members should be aware that only the text highlighted yellow has changed and all other text remains as published in the MTFP 2016/17 – 2019/20.

2. **Introduction and Background**

The Council produces an annual Treasury Management Strategy Statement (TMSS) as part of the budget setting process, which is incorporated within the Medium Term Financial Plan (MTFP) each year. The strategy includes the approved limits to borrowing activity set each year based on the committed plans at that time.

The Dover Leisure Centre report included on the Cabinet and Council agendas includes details of the potential borrowing required to support the project and therefore the strategy now needs to be revised to reflect these levels and ensure proper authorisation is in place to enable the borrowing to be undertaken at the appropriate time.

The revised TMS increases the capital financing requirement estimates, the operational boundary and the authorised limits for borrowing by £25m. In addition minor clarification has been added to the definition of the durations of investments to enable investment decisions to be made within the intended spirit of the maximum investment period whilst maintaining the objectives of security first, liquidity second

and then maximising returns. All other sections of the TMS have remained as published in the MTFP 2016/17 – 2019/20.

Every proposal to borrow will be reviewed against the Prudential Code. In simple terms, “Prudential Borrowing” is affordable and can be repaid over the life of the asset.

The catalyst for producing the revised TMS is the potential borrowing that may be required for the Dover Leisure Centre. In addition Members should be aware that there may be other business cases for prudential borrowing. These could include further development of social and market housing. It is not considered appropriate to increase borrowing limits at this stage on a “just-in-case” basis, further approvals for borrowing will be sought if those projects come to fruition.

In addition a minor change has been made to the investment strategy regarding ‘term deposit durations’. The change is the addition of a footnote, which was omitted from the original TMS for 2016/17, to give a small degree of flexibility around weekend and bank holiday dates while remaining within the spirit of the intended duration limits. It states: For the purposes of the table above, in order to keep within the intended spirit of the maximum investment period, 6 months means “up to 186 days” and 1 year means “up to 370 days”.

3. **Options**

Option 1. To approve the revised 2016/17 Treasury Management Strategy to enable the increased borrowing levels to support the delivery of the Dover Leisure Centre project. This is the recommended option.

Option 2. Not to approve the revised 2016/17 Treasury Management Strategy. This is not recommended as it means that the Council will be unable to undertake the borrowing required to support the project.

4. **Corporate Implications**

Comment from the Section 151 Officer: No further comments to add. (HL)

Comment from the Solicitor to the Council: The Solicitor to the Council has been consulted in the preparation of this report and has no further comments to make. (HR)

Comment from the Equalities Officer: This report does not specifically highlight any equalities implications, however in discharging their responsibilities members are required to comply with the public sector duty as set out in section 149 of the Equality Act 2010 <http://www.legislation.gov.uk/ukpga/2010/15>.

5. **Appendices**

Appendix 1 – Revised 2016/17 Treasury Management Strategy

6. **Background Papers**

Medium Term Financial Plan 2016/17 – 2019/20

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